

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held at Harlow College on Tuesday 27 June 2023

Membership *Paul Taylor (Chair)
 *Julia Fillary
 *Liz Laycock
 Rachel Miller
 *Karen Spencer
 *Ed Whittle

*denotes present

In attendance Will Allanson, Deputy Principal
 Paul Whitehead, Vice-Principal
 Deanne Morgan, Executive Director – Finance
 Sally Appleby, Executive Director – HR Services (agenda item 9 onwards)
 Ruth Lucas, Head of Governance

1 Apologies for Absence

There were no apologies for absence.

2 Declarations of Interest

There were no additional declarations of interest.

3 Minutes of the Previous Meeting

The minutes and the confidential minutes of the Resources Committee meeting held on 9 May 2023 were agreed as an accurate record and signed by the Chair.

4 Matters Arising from the Minutes (not mentioned elsewhere on the agenda)

There were no matters arising.

5 Management Accounts for the period 1 August 2022 – 31 May 2023

The Resources Committee received and considered the management accounts for the period 1 August 2022 – 31 May 2023, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the forecast year-end is a lower deficit than previously reported due to the increase in interest rates which has resulted in more cash in the bank and a reduction in the forecast staff costs.

Governors were informed that the pension cash payments for the next three years is now known however the service charge is still unknown. The LGPS performance is not published until the end of August annually therefore it is hard to predict the outcome and what figures to forecast for 2022-2023. Once the figures are known, the final position on pension costs could move could increase or decrease.

Non-pay costs are still challenging and there is close scrutiny of all budgets, with any non-essential spending not being approved.

The College's financial performance is more positive than predicted at the last meeting. The financial health is good and is forecast to be good at year-end and the bank covenants are forecast to be met.

The College is looking at its Digital Strategy with a view of bringing forward some capital expenditure which would have a positive impact on the bank covenants.

A Governor asked about the interest rate on the College's current account and Deanne Morgan confirmed that the rate has not changed and the interest rates on fixed term investments are not any higher therefore the College has currently not invested in any fixed-term investments.

A Governor asked about the high staff cost forecast for July. Deanne Morgan reported that this is due to year-end adjustments that go through and timesheets that are submitted by staff, sometimes as late as September for work completed before 31 July. The costs are attributed to the correct financial year therefore this creates a spike in the forecast.

The Resources Committee noted the management accounts for the period 1 August 2022 – 31 May 2023 and the forecast position in terms of financial health and bank covenants.

6 Financial Regulations

The Resources Committee received and considered the Financial Regulations, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the Financial Regulations are approved annually by the Resources Committee and that the proposed Financial Regulations have been updated based on the new requirements following ONS reclassification.

Governors were informed that the other major change was around membership of the Financial Conduct Authority. The College paid £10k for membership due to offering direct debit facilities to students. This facility is no longer offered, however installment plans with a lower threshold are available to students. The College therefore is no longer required to have membership of the Financial Conduct Authority and the College has cancelled its membership, A Governor reported that this is a good, proactive approach being taken by the College.

Karen Spencer reported that following reclassification, severance payments and non-disclosure agreements now need approval from the DfE. The new requirement was introduced on 12 April 2023 and the College is fully compliant as there has been no such payments or agreements since this date. Karen Spencer outlined the internal processes the College will undertake for these should the need arise, which will go through the Executive Director – Finance and Head of Governance and be reported to the Chair of Governors.

A Governor asked about the need for DfE guidance and / or approval for all financing and amendments to existing borrowings. Deanne Morgan reported that any new

borrowing now needs DfE guidance and / or approval and this will include any borrowings such as loans or overdrafts however does not include lease schemes. Karen Spencer reported that this is due to the reclassification and moving away from a private scheme to a public scheme. The College is in a good position and does not currently need to seek any approvals for borrowing. Deanne Morgan reported that the College's loans due for renewal are more imminent than the College's need for new borrowing.

Karen Spencer reported that the College is looking to set up a College charity which would sit separate to the College's accounts due to students and staff requesting to organise charitable events and raise money for the College. Karen Spencer reported that it would be good governance for a Governor to be a trustee of the charity and Paul Taylor offered to undertake this role.

Deanne Morgan reported that the Financial Regulations may need updating before June 2024 due to new procurement regulations being introduced. If this is the case, they will be presented to the Committee for approval mid-year.

The Resources Committee approved the Financial Regulations for 2023 – 2024.

7 Procurement Report

The Resources Committee received and considered the Procurement Report, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the College's electricity contact is in excess of the £213k procurement threshold and therefore Resources Committee approval is being sought for a new electricity contract.

Governors were informed that the current contract expires in September 2023 and prices are steadily decreasing. The College's current three-year contract value is £275k per annum with a kWh price of 15p. Currently the College has a quote for a one-year fixed contract at £444k with a kWh price of 27.32p and a two-year fixed contact at £453k with a kWh price of 27.85p. The College recommended entering into one-year contract to the Resources Committee as forecasts are still predicting a decrease in prices.

The Resources Committee noted that prices are constantly changing and that a final kWh price will only be agreed at the point the College is ready to enter into the contract.

A Governor asked what forecast had been included in next year's budget for electricity. Deanne Morgan reported that the original forecasts have been revisited and reduced due to the falling prices in electricity.

A Governor asked when a new contract needs to be entered into by. Deanne Morgan confirmed that the College could wait until 31 August 2023 however the issue would be if the prices varies significantly than the prices quoted in the report. Normally contracts are entered into three months before an existing contract ends however the advice from the College's broker was to wait as prices are falling. A Governor highlighted that there is not likely to be much fluctuation in prices between now and 31 August 2023

The Resources Committee approved for the College to enter into a one-year fixed term contract up to 30p per kWh and agreed to delegate responsibility to the Principalship to sign the contract and Deanne Morgan to make the decision with Principalship on timing of the contract.

8 ONS Reclassification

The Resources Committee received a verbal update on the ONS reclassification, presented by Karen Spencer, Principal.

Karen Spencer reported that the DfE are starting to put in place systems for borrowing approvals and highlighted HM Treasury's Managing Public Money which Governors have previously been informed about.

The sector has benefitted from capital funding as a result of reclassification however other benefits are yet to be seen.

The new financial handbook is expected to be published in the Autumn and this will hopefully contain further information on how the accounting systems might work.

Deanne Morgan reported that finance directors have received a questionnaire to complete from the DfE around the impact of changing the year-end from 31 July to 31 March.

Governors noted that it is a matter of wait and see at present.

The Resources Committee noted the update on ONS reclassification.

9 Human Resources Reports

9.1 Gender Pay Gap, Ethnicity Pay Gap and Disability Pay Gap Reports

The Resources Committee received and considered the Gender Pay Gap (GPG), the Ethnic Pay Gap (EPG) and the Disability Pay Gap (DGP) reports, presented by Sally Appleby, Executive Director – HR Services.

Governors were informed that this is the sixth year of reporting on the EPG and this current report is showing the gap to be at its lowest point, with a 3.85% mean. This is expected to drop further this year as the College has implemented the Real Living Wage. Governors were informed that the College is significantly below national benchmarks.

Governors were informed that reporting on EPG is voluntary and with there being no specific guidance on how to calculate this, the same methodology as used for the GPG has been used. The mean EPG as of 31 March 2023 was 2.16%.

The 2021 census shows that the community the College serves has 17% from BAME group and the College staff profile is currently 11%. The College is looking at positive action measures to improve the College's profile.

This is the first year that the College has reported on the DPG. Reporting on this is voluntary and with there being no specific guidance on how to calculate this, the same methodology as used for the GPG has been used. The College's mean as of 31 March 2023 is 3.07%. The College has taken the decision to publish this to demonstrate its ongoing commitment to inclusiveness.

Karen Spencer reported that the College is further ahead than other organisations

with reporting particularly on the DPG. Disability organisations have asked organisations to look at this and report on it however there is no requirement for them to do so. Solicitors have questioned why the College is reporting on this and whether individuals could be identified. After careful consideration the College agreed it was comfortable with producing the report.

Governors were informed that all three statements will be published on the College's website and the GPG report will be uploaded to the Government portal as legally required.

The Resources Committee acknowledged the amount of work that has to be undertaken in the background to produce the reports and highlighted that there are a number of positives throughout the report.

A Governor asked how will the data be used to inform the College's strategy and what action will be taken. Sally Appleby reported that as the gaps have been low over a long period, no specific action has been required. The EPG report will now be used to focus on positive action for recruitment.

Sally Appleby reported that publishing these reports promotes the organisation and applicants often look for this. It helps the College to be promoted as an inclusive community. A new applicant tracking system has been invested in and this will help to improve the College's records system.

The Resources Committee noted the GPG, EPG and DPG reports.

9.2 Local Government Pension Scheme Statement of Policy

The Resources Committee noted that there had been no changes to the Local Government Pension Scheme Statement of Policy, set by the Resources Committee in 2014, however there is a requirement that this is reported to the Resources Committee annually.

10 Policies for Approval

The Resources Committee received and considered the 16-19 Bursary Fund Policy 2023-2024, the 19+ Discretionary Learner Support Policy 2023-2024 and the Fee Policy and Student Terms and Conditions 2023-2024.

Governors reported that the proposed changes were presented clearly.

The Resources Committee approved the 16-19 Bursary Fund Policy 2023-2024, the 19+ Discretionary Learner Support Policy 2023-2024 and the Fee Policy and Student Terms and Conditions 2023-2024.

11 Any Other Business

There were no items of any other business.

12 Dates of Future Meetings, Terms of Reference and Calendar of Business

The Resources Committee received, reviewed and approved the Calendar of Meetings, the Committee's Terms of Reference and the Committee's Calendar of Business,

subject to the additional Term of Reference in relation to reclassification being moved from delegated powers to non-delegated powers.

Key Points From The Meeting For Corporation:

1. Management Accounts

To note the current position.